Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia

HIGH COURT (KUALA LUMPUR) — ORIGINATING MOTION NO R3-25-176 OF 1995
NIK HASHIM J
23 JUNE 1998

Trade Marks *— Application for registration — Whether marks were phonetically similar — Whether mere resemblance of marks would amount to confusion if no deception is shown — Whether doctrine of honest concurrent user applied — Trade Marks Act 1976 s 20(1)*

The appellant — the registered proprietors of the trade marks 'ADAX' — applied for registration of the trade mark 'adax'. The application was opposed by the second respondent — the registered proprietors of the trade marks 'DAKS' — on the ground that the appellant's proposed mark 'adax' was phonetically similar to that of the respondent's mark 'DAKS'; thus, it would lead to confusion or deception. Accordingly, the assistant registrar of trade marks ('the registrar') refused registration of the appellant's trade mark, hence this appeal. Counsel for the respondent raised a preliminary objection against the ground of 'honest concurrent user' relied upon by the appellant on the basis that the appellant failed to plead the same.

Held, allowing the appeal with costs:

(1) The words 'adax' and 'DAKS' as a whole were not similar nor close enough as were likely to cause any deception or confusion. Moreover, the respective marks related to separate spheres of clothing and there had been no instances of confusion as observed by the registrar (see pp 109I and 110C); *Pianotist Co's Application* (1906) 23 RPC 774 and *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 followed.

(2) Mere resemblance of 'adax' with 'DAKS' would not amount to confusion if no deception was shown. The test was an objective one. In the present case, the appellant's marks 'adax' attracted local customers whereas 'DAKS' attracted the foreign market or a selected class of local customers. Therefore, it was highly unlikely that a member of the said class would be deceived or confused into purchasing products under the trade mark 'adax' belonging to the appellant (see pp 110D–I and 111A); *Re Kidax's Application* [1960] RPC 117 followed.

(3) The marks 'adax' and 'DAKS' were not only distinct visually but also they were not phonetically resembled to cause confusion and deception. The absence of complaint against the mark 'ADAX' showed that 'ADAX' was not deceptively, confusingly or phonetically similar to the respondent's mark 'DAKS', otherwise 'ADAX' would not have been registered. The failure

of the registrar to consider the 'ADAX' mark therefore rendered his decision irrational (see p 111F–I).

(4) There was no definite evidence of period of time of use of the trade mark 'adax' by the appellant prior to the date of application for registration to justify 'honest concurrent user' under s 20(1) of the Trade Marks Act 1976. The appellant therefore was not protected by the doctrine of 'honest concurrent user' (see p 112B–D); *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 followed.

[Bahasa Malaysia summary

Perayu — tuan punya berdaftar tanda niaga 'ADAX' — telah memohon untuk pendaftaran tanda niaga 'adax'. Permohonan ditentang oleh penentang kedua — tuan punya berdaftar tanda niaga 'DAKS' — atas alasan bahawa tanda 'adax' perayu yang dicadangkan adalah serupa mengikut fonetik dengan tanda 'DAKS' penentang; justeru itu, akan menimbulkan kekeliruan atau penipuan. Oleh itu, penolong pendaftar tanda niaga ('pendaftar') menolak pendaftaran tanda niaga perayu, justeru itu rayuan ini dibuat. Peguam penentang membangkitkan bantahan permulaan terhadap alasan 'honest concurrent user' yang digunakan oleh perayu atas dasar bahawa perayu gagal memplidkan yang sama.

Diputuskan, membenarkan rayuan dengan kos:

(1) Perkataan-perkataan 'adax' dan 'DAKS' pada keseluruhannya tidaklah serupa atau amat hampir sekali hinggakan mungkin menyebabkan apa-apa penipuan atau kekeliruan. Tambahan pula, tanda-tanda masing-masing berhubung dengan sfera pakaian yang berasingan dan tiada kejadian berlakunya kekeliruan seperti yang diperhatikan oleh pendaftar (lihat ms 109I dan 110C); *Pianotist Co's Application* (1906) 23 RPC 774 dan *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 diikut.

(2) Keserupaan 'adax' dengan 'DAKS' tidak terjumlah kepada kekeliruan sekiranya tiada penipuan ditunjukkan. Ujian yang terpakai ialah ujian objektif. Dalam kes ini, tanda 'adax' perayu menarik pelanggan tempatan manakala 'DAKS' menarik pasaran asing atau kelas terpilih pelanggan tempatan. Oleh itu, adalah tidak mungkin bahawa seorang ahli kelas itu akan terpedaya atau keliru dalam membeli keluaran di bawah tanda niaga 'adax' kepunyaan perayu (lihat ms 110D–I dan 111A); *Re Kidax's Application* [1960] RPC 117 diikut.

(3) Tanda-tanda 'adax' dan 'DAKS' bukan sahaja berlainan secara visual tetapi juga tidak serupa mengikut fonetik hingga menyebabkan kekeliruan dan penipuan. Ketiadaan aduan terhadap tanda 'ADAX' menunjukkan bahawa 'ADAX' tidak serupa dengan tanda 'DAKS' penentang dari segi penglihatan, kekeliruan atau mengikut fonetik, jika tidak 'ADAX' tentunya

tidak didaftarkan. Dengan itu, kegagalan pendaftar untuk mempertimbangkan tanda 'ADAX' menyebabkan keputusannya tak rasional (lihat ms 111F–I).

(4) Tiada apa-apa keterangan yang pasti atas tempoh penggunaan tanda niaga 'adax' oleh perayu sebelum tarikh permohonan untuk pendaftaran bagi menjustifikasikan 'honest concurrent user' di bawah s 20(1) of Akta Cap Dagangan 1976. Dengan itu perayu tidak dilindungi oleh doktrin 'honest concurrent user' (lihat ms 112B–D); *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 diikut.]

Notes

For cases on application for registration of trade marks generally, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 1131–1161.

Cases referred to

Aristoc Ltd v Rysta Ltd [1945] 1 All ER 34; 62 RPC 65 (refd)
Edward Hack (1941) RPC 91 (refd)
Frigiking Trade Mark [1973] RPC 739 (refd)
Kidax's Application, Re [1960] RPC 117 (folld)
Pianotist Co's Application (1906) 23 RPC 774 (folld)
Ravenhead Brick Co v Ruabon Brick & Terra Cotta Co Ltd (1937) 54 RPC 341 (refd)
Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504 (folld)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63 (folld)
Unilite (Aust) Pty Ltd v Rymer Lighting Pty Ltd [1987] AIPC 37-820 (refd)

Legislation referred to

Trade Marks Act 1976 ss 14, 19, 20(1), 28(5)
Trade Marks Ordinance 1950 ss 23(1), 31

Sri Devi Nair (*Francis I Brigged* with him) (*Francis Brigged & Co*) for the appellant.

Nad Segaram (*PC Kok* with him) (*Shearn Delamore & Co*) for the respondent.

Cur Adv Vult

Nik Hashim J: This is an appeal by the appellant, Elba Group Sdn Bhd pursuant to s 28(5) of the Trade Marks Act 1976 ('the Act') from the decision of the assistant registrar of trade marks dated 24 November 1995 ('the registrar'), who refused an application for registration of the trade mark 'adax' by the appellant.

The registrar allowed the opposition by S Simpson Plc of England, the second respondent ('the respondent') to this appeal to the registration of Trade Mark Application No M/83449 for the wordmark 'adax' which was lodged in Class 25 on 20 August 1979 to cover clothing including boots, shoes and slippers. The respondent objected to the said application and filed the notice of opposition on the ground that they are registered proprietors of the trade marks 'DAKS' in Malaysia under Registration No M/20838 in Class 25 in respect of outer clothing for men and women and M/25656 in Class 25 in respect of articles of clothing for children and underclothing for men and women and that the appellant's proposed mark, 'adax' is phonetically similar to that of the respondent's mark 'DAKS' thereby leads to confusion or deception and that it was contrary to ss 23(1) and 31 of the Trade Marks Ordinance 1950 (now set out as ss 14 and 19 of the Act respectively). The opposition was allowed. Accordingly, the registrar refused registration of the said trade mark, hence this appeal.

In refusing registration, the registrar said the following in his decision:

> In deciding whether the words 'adax' and 'DAKS' are confusingly similar, I am of the opinion that, although 'adax' is a short, two syllabled word with the letter A as the first syllable and 'DAKS' is a short one syllabled word, their similarities, including, in particular, the phonetic identity of 'DAX' and 'DAKS', are such that the applicants have not discharged the onus of showing that confusion and deception is unlikely. As he himself says in his evidence, a purchaser for his goods is likely to ask for 'an adax' slacks and jeans (with the indefinite article). One has to suppose that the opponents' customers might similarly ask for 'a DAKS' slacks and jeans (without the indefinite article) to see that the likelihood of confusion, either on the customer's part or on the part of a sales assistant dealing with the request, is substantial. The fact that no actual instances of confusion have come to the applicants' notice is, I think, sufficiently explained by the paucity, if not total absence, of sales of the opponents's goods. While the absence of sales prevents the opponents from succeeding under s 23(1), I must assume normal and fair use of the opponents' registered marks for the purpose of s 31, and, on this basis, the prior registrations form a fatal barrier to the progress of this application.

He went on to say:

> In the present case, I find that the opponents have produced no evidence in support of the claim that the applicants acted mala fide and I therefore hold that they acted in good faith throughout. Having decided that the words 'adax' and 'DAKS' are confusingly similar, I am of the view that the opponents have succeeded in these proceedings and accordingly order that the application be refused and further make no order to costs.'

Having regard to the facts of the case, and the additional evidence adduced after the decision, and on perusal of all the authorities submitted, and after considering the submissions of the learned counsel from both sides, it is my considered judgment that the refusal to register 'adax' is wrong in law.

A It is significant to note at the outset that the trade mark under opposition is 'adax' with the small letters and not 'ADAX' with the capital letters as indicated. Please see the decision of the registrar. However, the respondent in its evidence and submissions before the registrar and this court still referred to 'ADAX' with the capital letters as the one under opposition. This is wrong. The respondent seems to be confusing right from the start B as to which trade mark it is opposing. It is also to be remembered that the trade mark 'ADAX' (with the capital letters) was already a registered trade mark of the appellant since 19 June 1980 under Registration No M/86850 in Class 25 in Part A of the register. This fact was adduced as additional evidence through the affidavit of Yeoh Chong Teng dated C 10 October 1996, encl 16. This fact is not in dispute.

The main question in this case may be formulated in this way. Would the trade mark 'adax', which the appellant has proposed to register, be likely to cause confusion or to deceive, having regard to the existence of the respondent's mark 'DAKS'?

D The registrar in his decision, held that 'adax' and 'DAKS' are confusingly similar and hence registration was refused. The relevant provision under consideration is s 19 of the Act which states:

> (1) *No trade mark shall be registered* in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or E description of goods or *that so nearly resembles such a trade mark as is likely to deceive or cause confusion.* (Emphasis added.)

The test as to confusing similarity was laid down in the classic decision of Parker J in *Pianotist Co's Application* (1906) 23 RPC 774 where the learned F judge at p 777 said:

> ...you must take two words. You must judge them, both by their look and their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances, and you must further consider what is likely to happen if each of those G marks are used in the normal way as a trade mark of the goods of the respective owners of the marks ... .

The above test was applied and approved by the Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 where the Court held that the words 'MISTER' and 'SISTER' (both marks related H to condom products) are two different words and that there is no similarity between the two words as a whole. The only similarity that they have is the second syllable but as a whole, the similarity is not close enough as to be likely to cause deception or confusion. Therefore, applying the rationale in MISTER/SISTER case, the words 'adax' and 'DAKS' as a whole are not similar nor close enough as are likely to cause any deception or confusion. I Moreover, in the MISTER/SISTER case, the products of the said marks were of the same nature (ie condoms) unlike in the present case where the

respondent's products 'DAKS' comprises of heavy winter clothing (see CGC-8 to affidavit of Colin George Campbell dated 21 November 1996) while the appellant's products 'adax' concerns clothings for tropical climates. Hence, it is highly unlikely that the appellant's trade mark 'adax' and that the respondent's mark 'DAKS' is likely to cause deception or confusion.

The MISTER/SISTER case is illustrative of the *Pianotist*'s test where the registrar is not only required to examine the look and sound of the trade marks but is also required to look at all the surrounding circumstances before deciding whether the marks of the parties are confusingly similar. The surrounding circumstances would entail an investigation into determining whether the documentary materials before this court already points to evidence of the public being confused by the existence of these two marks 'adax' and 'DAKS'. In my view, the said materials point otherwise not forgetting their respective marks relate to separate spheres of clothing and that there have been no instances of confusion as observed by the registrar.

Mere resemblance of 'adax' with 'DAKS' will not amount to confusion if no deception is shown. The test is an objective one as laid down in the *Re Kidax's Application* [1960] RPC 117 wherein the court allowed the wordmark 'Kidax' to be registered notwithstanding the trade mark 'DAKS'. In *Kidax*'s case, there was an opposition by the owner of the trade mark 'DAKS' (the same party as the respondent in this case) to the applicant's application to the registration of the mark 'Kidax' for articles of clothing and the main ground of opposition was likelihood of confusion if customer asked for 'DAKS' articles for children as 'Kiddies Daks'. Lord Evershed MR at p 120 said:

> Under s 12 [s 19 of the Act in our case] assuming user by Simpsons of their mark 'Daks', 'in a normal and fair manner for any of the goods covered by the registration of that mark, is the court satisfied that there will be no reasonable likelihood of deception or confusion among a substantial number of persons if the applicants' — that means the respondents (appellant) in this case — 'also use their mark "Kidax" normally and fairly in respect of any goods covered by their proposed registration?' ... It is to be noted that the onus does lie upon the respondents (appellant) to establish to the satisfaction of the court that there would be no reasonable likelihood of deception or confusion. But the first stage which the formulation requires is that: Would it be a normal and fair user by the appellants (respondent) of their marks 'DAKS' to associate it with the word 'Kiddies' so as to trade in their garments as 'Kiddies Daks'? And if they did, have the respondents (appellant) shown that there would be no reasonable likelihood of deception or confusion among a substantial number of persons. That would be the second stage.

In the present case, the appellant's marks 'adax' attracts local customers whereas 'DAKS' attracts the foreign market or a selected class of local customers. The sale of products under 'DAKS' if any, is modest (see statutory declaration by respondent at p 10 of encl 2). Hence this would imply that the goods which are sold by the respondents are targeted at a selected class of the Malaysian public. By analogy to *Kidax*'s case, it is

A therefore highly unlikely that a member of this 'class' would be deceived or confused into purchasing products under the trade mark 'adax' belonging to the appellant.

In an effort to persuade the court, I have also been referred to the following foreign cases by the respondent:

B (1) *Unilite (Aust) Pty Ltd v Rymer Lighting Pty Ltd* [1987] AIPC 37-820 (Unilite/Unilight).

(2) *Ravenhead Brick Co v Ruabon Brick & Terra Cotta Co Ltd* (1937) 54 RPC 341 (Rus/Sunrus).

C (3) *Aristoc Ltd v Rysta Ltd* [1945] 1 All ER 34; 62 RPC 65 (Aristoc/Rysta).

(4) *Frigiking Trade Mark* [1973] RPC 739 (Thermo-king/Frigiking).

On careful examination of the above cases, I find on the facts that they are distinguishable from the present case, and as such, I decline to follow them.

D It is also important that marks must be regarded as a whole and cannot be separated. Thus, the respondent's contention that the appellant's mark when pronounced would result as 'a DAKS' hence making 'adax' phonetically identical to 'DAKS' is wholly unreasonable. The appellant's word is pronounced in its entirety as 'aa-dax' and not 'A-DAX' in two words as suggested by the respondent. This is in line with the guideline in E the *Pianotist*'s case which lays down the principle that: 'you must take the two words. You must judge them, both by their look and by their sound'. Therefore, the registrar's finding of phonetic similarities in identity of 'DAX' and 'DAKS' is wrong in principle and cannot be supported. In my view, 'adax' and 'DAKS' are not only distinct visually but also they are not F phonetically resembled to cause confusion and deception. At this juncture, it is very pertinent to note that the appellant is already clothed with proprietorship of its distinctive trade mark 'ADAX', which is identical to the mark 'adax'. There has been no complaint against 'ADAX' either from the public or the respondent against it as a trade mark since its registration on 19 June 1980. The absence of complaint shows that 'ADAX' was not G deceptively, confusingly or phonetically similar to the respondent's mark 'DAKS', otherwise 'ADAX' would not have been registered in 1980 as it would have contravened s 19 of the Act. It is to be noted that 'DAKS' was registered on 26 September 1979 (see CGC–2). I agree with the appellant that the registrar had either overlooked this fact or disregarded it altogether H when he made the decision to reject 'adax'. As the assistant registrar of trade marks, it is within his knowledge to know of the existence of the already registered trade mark 'ADAX' and to take it into account when considering the opposition against 'adax'. 'ADAX' is thus relevant to be taken into consideration by the registrar. Thus, failure to consider this relevant mark would therefore render the registrar's decision irrational. I Hence, for these reasons, I hold that the registrar's refusal to register 'adax' is unjustified and indeed erroneous in law, for which this court is obliged to interfere.

However, there is another matter which merits my consideration. At the outset of the hearing, learned counsel for the respondent raised a preliminary objection against the ground of 'honest concurrent user' relied by the appellant in its written submission at p 11 of para 10 on the basis that the appellant failed to plead the same and cited the case of *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 in support. The court, after hearing counsel for the appellant, dismissed the objection and ordered hearing of the appeal on its merit. However, on perusal of the affidavits of the appellant, I find that there is no definite evidence of period of time of use of the trade mark 'adax' by the appellant prior to the date of application for registration to justify 'honest concurrent user'. In order to support the claim of 'honest concurrent user' under s 20(1), a party must prove honesty of user and the period of time of use of the trade mark by the party prior to the date of application for registration (see *Tiga Gajah*). Since the evidence of the period of time of use of the trade mark 'adax' by the appellant is lacking, the appellant is therefore not protected by the doctrine of 'honest concurrent user'. Accordingly, this ground fails.

The court is well aware of the principle that the decision of the registrar is not an exercise of discretion but a finding of fact by the registrar. Unless he has gone clearly wrong, his decision ought not to be interfered with (*Edward Hack* (1941) RPC 91 at p 107). However, in the instant case, I am convinced and satisfied that the registrar had erred in principle as adverted to earlier. His finding that 'adax' and 'DAKS' are confusingly similar is perverse and therefore cannot be allowed to stand. The evidence before the registrar and this court is more than sufficient to show that the trade marks 'adax' and 'DAKS' are not phonetically similar as alleged by the respondent. The onus of showing that confusion and deception is unlikely has been discharged by the appellant. I have no doubt whatever that 'adax' when compared with 'DAKS', no likelihood of deception or confusion could be said to arise, whether the comparison is made visually or by speech.

In the result, I allow the appeal with costs here and below, set aside the registrar's order and further order the registrar to proceed with the appellant's application to register its trade mark 'adax' vide M/83449 under Class 25.

Appeal allowed with costs.

Reported by Loo Lai Mee